



*United States Attorney
District of New Jersey*



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**INVESTMENT ADVISOR CHARGED WITH \$2 MILLION FRAUD
TARGETING PENSION FUND AND OTHER INVESTORS
IN NEW JERSEY AND NEW YORK**

NEWARK, N.J. – A Westfield, New Jersey-based investment advisor is charged with defrauding numerous investors – including a union pension fund – of more than \$2 million by funding his lavish lifestyle with money he claimed to be investing in conservative securities, U.S. Attorney Paul J. Fishman announced.

Carlo Chiaese, 38, of Springfield, N.J., surrendered early this morning to FBI special agents in Newark to face a criminal Complaint charging him with securities fraud. Chiaese is scheduled for an initial appearance and bail hearing this afternoon before United States Magistrate Judge Madeline Cox Arleo in Newark.

According to the Complaint filed in Newark federal court:

Chiaese, who had been working in the financial industry since 1999, solicited a number of new clients through his independent investment firm, CGC Advisors LLC, as early as 2008. He drew clients by touting his investment experience and promising to invest their funds in conservative but traditional securities like bonds and mutual funds. Between November 2008 and September 2010, Chiaese raised more than \$2.4 million from individuals and entities in New Jersey and New York based on his representations. One investment of approximately \$1.71 million included a pension fund containing the pensions of over 850 current and former unionized New York City public sector employees.

Chiaese did not invest any of the victim investors' money as he promised. Instead, he used over \$1.4 million in investor money to pay for leases on a Porsche 911 Carrera, Audi Q7 and a Land Rover; his fees at two country clubs; stays at luxury hotels in New York, Florida and St. Thomas; and purchases at high-end retailers like Hermes, Salvatore Ferragamo, Bergdorf Goodman, and Saks Fifth Avenue. Chiaese also made cash withdrawals in excess of \$185,000 and transferred over \$800,000 to his wife and members of her family.

Chiaese also used at least \$180,000 of the investors' money to repay other investors, including one in London, in Ponzi-scheme fashion.

To conceal his fraudulent conduct, Chiaese sent many of the investors fake trade confirmations and account statements that made it appear that he had invested their money in securities when he had not.

If convicted of the securities fraud count with which he is charged, Chiaese faces a maximum potential penalty of 20 years in prison and a fine of up to \$5 million.

U.S. Attorney Fishman stated: “As charged in the Complaint, when Carlo Chiaese claimed to be making secure investments, he was really securing his own access to pricey diversions and ready cash. Although we see far too many of these schemes, we cannot become desensitized to them. Each such allegation shows that there are many out there who would steal from the unsuspecting, and we are committed to exposing their frauds for what they are.”

“People invested their money with Mr. Chiaese with the hope of having a comfortable retirement,” said Michael Ward, Special Agent in Charge of the FBI’s Newark Field Office. “But based on the allegations in the criminal Complaint, it seems those retirement plans for tomorrow did not fit into Mr. Chiaese’s plan for his own comfortable lifestyle today. We empathize with those who have suffered losses and hope that this matter can be resolved favorably to them.”

U.S. Attorney Fishman praised special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward, for the investigation leading to today’s Complaint. Fishman also credited the U.S. Securities and Exchange Commission’s New York Regional Office, under the direction of George S. Canellos. He also thanked the United States Postal Inspection Service, under the direction of David Collins, and stated that the investigation is continuing.

The government is represented by Assistant U.S. Attorneys Matthew E. Beck and Aaron Mendelsohn of the U.S. Attorney’s Office Economic Crimes Unit in Newark.

This case was brought in coordination with President Barack Obama’s Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

The charge and allegations contained in the Complaint against Chiaese are merely accusations, and the defendant is considered innocent unless and until proven guilty.

If you have any information about or believe you have been a victim of this fraud, please contact FBI Special Agent Jeffrey Clark at 973-792-3000.

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Defense counsel: Jack Arseneault, Esq.; David W. Fassett, Esq., Chatham, N.J.